Threat or Partner: Southeast Asian Perceptions of China

Testimony before the U.S.-China Economic & Security Review Commission Hearing on "China's Activities in Southeast Asia and Implications for U.S. Interests"

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Thank you for inviting me to share my thoughts on Sino-Southeast Asian security perceptions and relationships, and on their implications for the United States.

Introduction and Summary

In most Southeast Asian eyes, in little more than a decade China has transformed itself from a perceived threat into a partner. It has accomplished this feat through a comprehensive diplomatic and economic campaign to court its southern neighbors. This courtship has been based on adjusting Chinese policies to better conform to Southeast Asian preferences and on the rapid integration of Southeast Asian economies into China-centered trade networks. Nonetheless, the Southeast Asian response has not been uniform. National reactions to China's growing influence break down into the following categories: Beijing's partners in mainland Southeast Asia, Vietnam, ambivalent states in maritime Southeast Asia, and Indonesia. In the region, Vietnam and Indonesia are the most resistant to the new wave of Chinese influence.

Southeast Asian elites usually distinguish between great power rivalry, best left to others, and internal and non-traditional security issues. Few Southeast Asians continue to fear coercion by China's conventional military forces or subversion from China. Few seek to strengthen military-to-military ties with China or prefer to acquire Chinese military hardware. None have designed their armed forces to contribute to a theoretical coalition to contest China's military power. When Southeast Asian leaders think of traditional security issues, they usually combine determination to avoid being drawn into Sino-U.S. rivalry with the assumption that the U.S. will come to their assistance in the unlikely event that Beijing threatens to use force to coerce them.

However, when they think of the current threats they face, they focus on internal political stability, economic growth, and regional institutions designed to create webs of entangling ties as ways to address either internal or transnational challenges. Thus Beijing's new security concepts find a sympathetic ear in the region. China is judged primarily on its' contribution – including through regional institutions - to managing non-traditional security problems, and by its' contribution to Southeast Asian countries' own internal stability through access to China's market.

In the past few years the Chinese government's attention to the region may have flagged, though senior Chinese leaders again visited Southeast Asian countries last year and the China-ASEAN Free Trade Agreement came into force on January 1, 2010. Meanwhile, Beijing has reverted to more assertive tactics in advancing its' territorial claims in the South China Sea. It is not clear why China's accommodating approach on this security issue is shifting. The South China Sea has not yet become a prominent public issue for Chinese nationalists. The internal factors driving China's policies remain opaque. However, if Beijing adopts more insistent and confrontational policies in the region, it is likely to undermine such limited Southeast Asian cohesion as now exists, including through ASEAN.

From Threat to Partner

For almost five decades after China "stood up" under communist leadership in 1949, China was viewed in most of Southeast Asia as the primary external threat to the peace and stability of the region. Only gradually after the collapse of the Soviet Union did a tentative rapprochement slowly get underway. The breakthrough came when Chinese leaders turned their approach to Southeast Asia on its head, replacing the assertiveness that had long characterized Chinese policy with accommodation. Whether this policy reversal can be dated to the 1996 confrontation between the United States and China in the Taiwan Strait, as security analysts are inclined to argue, or to the Asian Financial Crisis of 1997-98, as political and economic analysts contend, China had clearly reassessed its policy goals and the mechanisms it would use to achieve these goals by the end of the 1990s. Lists of China's strategic goals usually include maintaining stability on China's periphery, encouraging economic ties that contribute to China's economic modernization and thus to the communist regime's legitimacy, protecting China's territorial integrity (Taiwan, Tibet, Xinjiang), increasing Chinese influence to forestall containment, and acknowledgement of China's status as Asia's most influential state.

Riding the exponential growth of Sino-Southeast Asian trade (which surpassed Southeast Asian trade with Japan and the U.S. to reach about $240 billion by 2008), Beijing launched an intensive campaign to court its southern neighbors. China became the foremost supporter of the status quo in Southeast Asia, agreed to place contentious issues on the shelf, and learned to play along with Southeast Asia's "Gulliver Strategy" of tying China into a web of multilateral organizations and commonly accepted norms. It avoided direct criticism of U.S.-Southeast Asian ties and eventually even toned down its' rivalry with Japan in the region. The highest level of China's political leadership was prepared to devote extraordinary time to this effort, and to the resolution of conflicts that bubbled up from lower levels. All China asked from Southeast Asians was a bit of deference, their participation in China's booming economy through the ASEAN-China Free Trade Area, and the severance of old semi-diplomatic ties between Southeast Asian states and Taiwan. Asking so little and offering so much, China was successful in portraying itself as an attentive, accommodating and friendly "elephant."

But the romance seems to have faded a bit over the past several years. China hoped to use the first East Asian Summit in December 2005 as a means to assume the leadership of Asian multilateralism, but those aspirations were dashed by the inclusion of additional states at the summit and ASEAN's determination to retain leadership of this multilateral organization. In addition, the high-level attention devoted to Southeast Asia may simply have proven unsustainable as China penetrated new commercial markets and continued its rapid rise to great power status. In any event, China is still courting Southeast Asia but Beijing's tone appears to have become slightly more assertive as the relationship has matured.

National Reactions in Southeast Asia

When assessing Southeast Asian responses to China's new policies and prominence, only the ignorant fail to distinguish among Southeast Asian states located in one of the world's most politically, economically and culturally diverse regions. The standard approach is to acknowledge ambivalence in all Southeast Asian reactions to China's rise and to then distinguish between mainland and maritime Southeast Asia. China looms over its "backyard" in mainland Southeast Asia, where it has a long history of tributary relationships and is now the predominant foreign influence in poor, authoritarian states such as Burma, Cambodia and Laos. Thailand has bent before the wind from the north and Vietnam is trapped in its' historic, asymmetric relationship with China. China has achieved its primary security goal, predominant influence with its closest neighbors that should preclude their participation in any future efforts to "contain" China. In maritime Southeast Asia, where China has never had significant political influence and its ties are based on trade, Beijing must continue to defer to America's overwhelming presence and influence.

However, viewed primarily through a security lens, Southeast Asian states responses to China could be broken down into four categories, as follows:

- Acquiesce to increased Chinese influence: Burma, Cambodia, Laos, and Thailand
- Ambivalence about increased Chinese influence, with claims in the South China Sea: Malaysia and Philippines
- States that view international relations through a "realist" perspective and stress balance of power issues: Vietnam and Singapore
- Rivalry for regional leadership: Indonesia

If these distinctions are accurate, they imply that a coalition to defend Southeast Asian states' claims in the strategic South China Sea is conceivable, if unlikely. That coalition could include Vietnam, Malaysia, and the Philippines, supported by Indonesia, Singapore and the United States. The coalition would be fragile and non-confrontational, primarily diplomatic, and certainly initially reluctant to entertain a security component. Though highly speculative, a complementary security

development may be the eventual emergence of an Indonesian-U.S. strategic partnership modeled on the current Indian-U.S. partnership.

Traditional Security Issues and Relationships

As China sought to transform itself into a "friendly elephant," Beijing saw no benefit, and many problems, if it stressed traditional security issues in its relationships with Southeast Asia. Thus China has done its' best to hide, obfuscate, and shelve security issues, and has diffidently advanced proposals to strengthen security ties behind a curtain of high-profile economic and political initiatives. Sensitive to local perceptions and preferences, Beijing quickly learned that criticism of old Southeast Asian security alliances and partnerships with Washington was not welcomed because it implicitly required Southeast Asian states to choose between China and the United States. Anti-American statements and actions also attracted the attention of a distracted power that could complicate and constrain China's diplomatic and economic campaign to court Southeast Asia. Thus, determined to avoid counterproductive competition with the U.S. in the region and well aware of Southeast Asian skittishness when security issues were raised, Beijing ended open, direct criticism of American policies in Southeast Asia in 2001. Instead, it has advanced its own new security concepts that fit so well with Southeast Asian preferences and left grumbling about the "militarization" of American foreign policy during the Bush administration to Southeast Asians.

China's restraint and diplomacy does not mean that Beijing has forgotten its security interests in Southeast Asia, though it has usually avoided a direct approach to securing these interests. These security interests are important. They include:

- Constructing a buffer of Southeast Asian states along China's southern border where China is the predominant external power, in part to forestall an American attempt to contain China.
- Maintaining and, when possible, advancing China's territorial claim to most of the resource and energy-rich South China Sea.
- Improving the security of the sea lanes of communication and maritime chokepoints through which China imports the bulk of the oil that fuels its economy.

In building security ties, China has resorted primarily to bilateral mechanisms with individual Southeast Asian states, though it has also been prepared to quietly suggest security arrangements with ASEAN and the ASEAN Regional Forum (ARF). This multilateral effort was kicked off at the 2003 Bali ASEAN Summit where China's foreign minister proposed that the ARF sponsor a "security policy conference." Subsequent ARF meetings have moved the ball forward modestly, while the 2004 ASEAN-China plan of action to implement their "strategic partnership" included references to dialogue on security issues. The real action has taken place at the bilateral level.

China has mature security relationships with Burma and Thailand, as well as newer defense ties with Cambodia and Laos. The complex, asymmetric Sino-Vietnamese relationship includes a military-to-military component. Beijing's outreach to Southeast Asian states further from its shores has produced modest military-to-military ties that usually include a declared security partnership, modest exchanges of visits between senior military officers, and extremely limited sales of Chinese military equipment. In maritime Southeast Asia, American defense ties dwarf China's.

The Sino-Burmese security relationship is usually advanced as the poster child of China's security relationships in Southeast Asia and, in fact, China has sold Burma's military regime about $1.5 billion in military hardware over the past fifteen years. This regime and the People's Liberation Army (PLA) maintain a dense network of visits and exchanges. Nonetheless, Burma's military is designed to suppress internal opposition, and the xenophobic Burmese regime is not a Chinese client. Indeed, as it has become wealthier, that regime has begun to look to other sources, primarily Russia, for advanced military equipment.

Thailand also retains close military-to- military links to China, first developed during their common effort to oust Vietnam from Cambodia in the 1970s. There is no evidence that Bangkok views this security relationship as incompatible with its "alliance" with the United States, itself a hangover from the Cold War. Substantial military-to-military networks and formal mechanisms anchor the Sino-Thai security relationship, which has included the sale of some Chinese military equipment. The major constraint on the relationship is the Thai armed forces preference for more sophisticated weaponry from Russia and the United States.

Perhaps China's most ambivalent security relationship is with Beijing's communist partner in Hanoi. A thousand years of Vietnamese history can be summarized as a cycle of defeating Chinese invasions and then carefully deferring to the giant to the north. The PLA maintains close ties to Vietnam's military, and Hanoi has been cautious about expanding security ties with the United States. On the other hand, Vietnam thrashed invading Chinese forces in 1979, fought a pitched battle at sea with Chinese naval forces in the 1988, and is now reportedly in the process of acquiring fighters and Kilo-class submarines from Russia.

China has also become the main patron for the Cambodian and Laotian military, though it must still compete with Vietnam in Laos. Despite speculation that China would like to eventually develop a naval base along Cambodia's coast, these security relationships are limited to the usual array of visits, training, and the transfer of unsophisticated Chinese military equipment.

Several years ago, "baby-step" military-to-military ties were launched between China and maritime Southeast Asian states such as Indonesia, Malaysia, the

Philippines, and Singapore. None of these ties are comparable to or a challenge to these states' robust security relationships with the United States.

China's President Hu Jintao has publicly lamented China's "Malacca dilemma." Assuring the security of China's energy imports through Southeast Asian maritime chokepoints is a constant worry for China's leaders. In 2008, China imported about 45 percent of is total oil demand, with 76 percent of crude oil imports shipped across the Indian Ocean from the Middle East and Africa. The International Energy Agency estimates that China will import 63 percent of its total demand by 2015.

Nonetheless, Beijing deferred to Malaysian and Indonesian determination to take primary responsibility for improving the security and safety of maritime traffic through the Strait of Malacca. China has resisted the temptation to join Japan, India and the United States in publicly pushing for improved maritime security. Instead, it has largely confined itself to diffidently advancing its interests – interests that apparently are remarkably similar to those of a sympathetic Malaysia. Malaysia has been the state most resistant to an Indian security role in the Straits, most critical of Indian assistance in 2002 in protecting U.S. supply ships transiting the Strait of Malacca during Operation Enduring Freedom, and most antagonistic to an alleged (incorrectly) U.S. plan in 2004 to unilaterally patrol the Strait of Malacca. In the event, Indonesia, Malaysia and Singapore have successfully reduced piracy in the Strait. China continues to offer to be helpful, but its' contribution has been confined to an International Maritime Organization safety project in conjunction with the United States.

The South China Sea

New tensions and escalating rivalry in the South China Sea pose the most serious and intractable security problem in Sino-Southeast Asian relations. Four of ASEAN's members - Vietnam, the Philippines, Malaysia and Brunei - have claims in the South China Sea, which overlap with each other and with claims advanced by China and Taiwan. These disputes over the rocks, shoals and reefs that dot 1.2 million square miles of sea are important for several reasons. Through the South China Sea pass about one third of global maritime commerce and more than half of northeast Asia's imported energy supplies. Moreover, the United States depends on free passage through these waters to deploy American armed forces between the Pacific and Indian Oceans. This seabed also has the potential to become a major source for the energy supplies that are essential to the further economic development of East Asia, though U.S. estimates of potential energy reserves are considerably smaller than those of China, some of whose experts have labeled this sea a "new Persian Gulf." Finally, the South China Sea is an important fisheries resource for Asian nations.

Rising tensions and armed clashes in the South China Sea attracted the attention of policy makers as far away as Washington in the 1990s, but these disputes and tensions fell off foreign and defense ministries' mental maps after agreement was reached in 2002 on a Declaration on the Conduct of Parties in the South China Sea. This Declaration deterred

claimants from occupying vacant "features" in the South China Sea. Though not a legally binding document between ASEAN and China, the Declaration and China's campaign to court Southeast Asia appeared to pave the way for confidence building measures and eventually peaceful resolution of these disputes. A 2005 agreement on a bloc in the South China Sea in which China, Vietnam and the Philippines would conduct joint seismic research appeared to be the first in a series of confidence building measures until, in 2008, it collapsed amid a political scandal in Manila.

Since late 2007, however, China has reverted to its assertive approach of the 1990s in the South China Sea. China has increased naval patrols, pressured foreign energy companies to halt operations in contested waters, created new administrative mechanisms to strengthen its claims in the Paracel and Spratly islands, and unilaterally imposed fishing bans in parts of the sea. China has also vehemently disputed claims to the outer continental shelf recently advanced by Vietnam and Malaysia through submissions to the United Nations Commission on the Limits of the Continental Shelf, and protested a renewal of the Philippine claim to part of the South China Sea. In addition, the Chinese ambassador to ASEAN has insisted that disputed claims are bilateral issues that should not be settled through multilateral mechanisms. Accordingly, China has launched a diplomatic campaign to keep the South China Sea off the regional agenda during Vietnam's current chairmanship of ASEAN. In short, the scene is set for continuation of the downward spiral of actions and reactions on the part of all claimants in the South China Sea.

At the same time, China has constructed a major new naval base on Hainan fronting on the South China Sea. China's desire to push the U.S. Navy as far away as possible from China's coast, rather than overlapping claims in the South China Sea, provides the context for assessing the implications of this new base and of the harassment in March 2009 of an unarmed U.S. surveillance vessel by Chinese ships. The USNS *Impeccable*, a civilian manned ship of the U.S. Military Sealift Command, was involved in marine data collection for military purposes about 120 kilometers south of Hainan. Such data collection is not regulated by a coastal state under the United Nations Convention on the Law of the Sea. Nonetheless, though the legal case seems clear, China had apparently asked the USNS *Impeccable* to leave its exclusive economic zone (EEZ) and sees such data collection within its EEZ as insensitive. U.S. National Intelligence Director and former U.S. Pacific Command (PACOM) commander Admiral Dennis Blair called the harassment the most serious military dispute between China and the U.S. since 2001. China has not backed down.

Outlook

In the wake of China's relative success in weathering the global economic crisis of 2009, American scholars increasingly perceive a nation that is both more assertive and less tolerant of perceived interference in China's internal affairs. It is not clear whether this new mood and tone, usually noted in the context of Sino-U.S. relations, extends to Southeast Asia. If it does, and if it persists over the next few years, the bloom may come off the past decade's Sino-Southeast Asian relationship. On the

other hand, even during the height of China's "charm offensive" in Southeast Asia, officials and experts often found it difficult to determine whether Chinese policies reflected decisions on the part of central authorities in Beijing or competition within China between bureaucratic or provincial interests. But when Southeast Asia consistently attracted the attention of China's top political leaders, problems were quietly raised with senior Chinese leaders and solved. We will not know for some time whether Southeast Asian leaders retain the same access and influence in Beijing.

If China's increasingly assertive tactics in the South China Sea reflect a coordinated policy shift in Beijing, rather than a series of actions driven by the People's Liberation Army Navy (PLAN) and local authorities, at least some Southeast Asian elites will need to revise their security perceptions. They don't want to provoke Chinese nationalism by going public and their instincts are, in any case, to quietly raise concerns with Beijing. A fundamental problem for Southeast Asia is that increased Chinese pressure is likely to further divide the region and again reveal ASEAN's irrelevance when confronted by major security issues. Only a few Southeast Asian countries have a direct stake in the South China Sea; others resist attempts to drag them into a conflict with China, the predominant external influence in their countries.

Southeast Asians will naturally be reluctant to recognize a significant adjustment or even a reversal in China's accommodating approach to them. Nonetheless, in the unlikely event that China again turns its policy upside down, as it did in the late 1990s, those Southeast Asian states furthest from China – Indonesia, Malaysia, and the Philippines – may eventually be driven towards the United States and India.

Recommendations for the US

The U.S. is well balanced in Southeast Asia. It has consistently and repeatedly insisted that the "theme is not the U.S. versus China in Southeast Asia" and, even during the Bush administration, deferred to Southeast Asian leadership to successfully rid the region of international terrorism. Moreover, the Obama administration has now reversed popular anti-Americanism during the Bush administration and the widespread perception of U.S. neglect through several symbolic gestures, including signing ASEAN's Treaty of Amity and Cooperation (TAC). The US Pacific Command has built a dense network of military-to-military ties, particularly in maritime Southeast Asia. In Indonesia, President Obama is considered the hometown hero.

Nonetheless, while avoiding the impression that the U.S. seeks to contain China, Washington needs to shift its focus in Southeast Asia from humanitarian issues such as Burma to critical security issues such as the South China Sea. We don't know if Beijing is launched on a process of "nibbling imperialism" in the South China Sea but preventing Chinese domination of this Sea and maintaining free passage for U.S.

armed forces and for energy supplies is critical for U.S. alliances in northeast Asia and, indeed, for the maintenance of the entire U.S. position in East Asia.

Officials from both the State and Defense departments testified before the Senate Foreign Relations Committee on the South China Sea in mid-2009, and U.S. concerns have been raised with Beijing. Nonetheless, despite the fact that the U.S. takes an agnostic position on the validity of the various states claims in the South China Sea, the U.S. needs to stay on top of this issue. Southeast Asian issues seldom make the agenda for U.S. officials' meetings with Asia's great powers and the South China Sea does not appear to be as prominent an issue as it was in mid-2009, but the Obama administration should:

- Consult with Beijing, Tokyo, and New Delhi to reach an understanding on the South China Sea.
- Discuss the South China Sea dispute with Jakarta when President Obama visits Indonesia in March.
- Support the integration and cohesion of the Southeast Asia region, including through ASEAN, in part as a way to constrain Chinese behavior.